

TEMPORARY OPERATIONS AGREEMENT

RECITALS

THIS AGREEMENT (“Agreement”), dated the 1st day of August, 2023 (“Effective Date”), is made by and between **CSWR-CALIFORNIA UTILITY OPERATING COMPANY, LLC**, a California limited liability company, or its affiliate (“Operator”), and **BIG BASIN WATER COMPANY, INC.**, a California corporation (“Owner”) (collectively “the Parties”).

WHEREAS, Owner has entered into a separate agreement to sell its water assets and operations (“Facilities”) to an affiliate of Operator (the “Purchase Agreement”); and

WHEREAS, pending the closing of that transaction Operator has agreed to operate the Facilities, in accordance with the terms of this Agreement, to facilitate a smooth and successful transfer of the Facilities and ensure continued service to Owner’s customers.

NOW THEREFORE, in consideration of the mutual agreements herein contained, it is agreed by the Parties as follows:

ENGAGEMENT; TERM; TERMINATION

1. **Engagement**. Owner hereby engages Operator to provide services related to operation of the Facilities subject to the terms and conditions of this Agreement. Subject to those terms and conditions, Operator hereby accepts such engagement and agrees (i) to perform all services necessary to operate and maintain the Facilities, and (ii) to use reasonable and diligent efforts and to exercise the highest degree of professional competence in the performance of such services..

2. **Term and Termination**. The term of this Agreement shall be effective as of the Effective Date and shall continue in full force and effect, until: a) it is terminated by written agreement of the parties hereto, b) the Purchase Agreement is terminated, or c) the sale contemplated under the Purchase Agreement is successfully closed, whichever occurs first.

3. **Delay in Performance**. Operator shall not be considered in default of this Agreement for delays in performance caused by circumstances beyond Operator’s reasonable control. For purposes of this Agreement, such circumstances include, but are not limited to, abnormal weather conditions, floods, earthquakes, fire, epidemics, war, riot, and other civil disturbances, strikes, lockouts, work slowdowns, and other labor disturbances, sabotage, judicial restraint, and inability to procure permits, licenses, or authorizations from any local, state or federal agency for any of the permissions, supplies, materials, accesses, or services required to be provided by Operator under this Agreement. Should such circumstances occur, Operator shall, within a reasonable time of being prevented from performing, give written notice to Owner describing the circumstances preventing continued performance of this Agreement.

4. **Termination Duties**. Upon the termination of this Agreement, Operator shall render to the Owner a final accounting which shall cover the period from the date of the last customer billing. The Operator shall also deliver copies of all records and reporting documents not already provided to the Owner, as well as, all materials, supplies, contracts, documents, accountings, papers and any and all other reports pertaining to the operation of the Facilities or this Agreement in the possession

or under the control of Operator. Within ten (10) days of the effective date of termination of this Agreement, Owner shall forthwith pay to Operator all additional compensation then due Operator.

5. Compensation. As compensation for such Services, Operator shall be entitled to retain all payments collected from customers of the Facilities in accordance with **EXHIBIT A**

RESPONSIBILITIES - OWNER

6. Maintaining Permits. Owner shall keep all required permits up to date for the Facilities.

7. Payment of Fees Required by Government Authorities. Owner shall pay the annual operating fees, permit renewal fees, construction fees, testing fees, and any and all other fees as required by the governmental authorities for the operation of the Facilities.

8. Maintenance of Records. Owner shall maintain all records on the operation and maintenance of the Facilities for a period of five (5) years or such additional period of time required by California law.

RESPONSIBILITIES - OPERATOR

9. Basic Services. Operator shall provide to Owner the services set forth on the attached **EXHIBIT A**, which by this reference is incorporated herein. Any services not listed in **EXHIBIT A** shall be considered additional or emergency services and are not part of Operator's responsibilities under this Agreement.

10. Standard of Care. The standard of care of all services performed or furnished by Operator under this Agreement will be the care and skill ordinarily used by operators practicing under similar conditions at the same time and in the same locality.

11. Insurance. Operator shall procure and maintain in effect throughout the duration of the term of this Agreement insurance coverage not less than the types and amounts specified below.

(a) Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.

(b) Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.

(c) Worker's Compensation and Employer's Liability in the amount required by law.

(d) Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$3,000,000.00 per occurrence and \$3,000,000.00 aggregate.

Attn: Josiah Cox, President
Phone: (314) 736-4672
Facsimile: (314) 736-4743
Email: jcox@cswrgroup.com

Either party may, by notice given as aforesaid, designate a different address or addresses for notices to be given to it.

GENERAL PROVISIONS

14. Relationship of Parties. The Operator is and will remain for the term of this Agreement an independent contractor completely responsible for its own acts and for the manner in which, and the form by which, it performs this Agreement, and as such shall set its own hours and means and methods and shall not be subject to the supervision and control of the Owner except as to the results obtained. In no event shall the relationship created by this Agreement constitute a joint venture or partnership between the Owner and the Operator. Neither Party is authorized to assume or create any obligation or responsibility on behalf of, or in the name of, the other or bind the other in any manner whatsoever whether as agent, legal representative or otherwise.

15. Third Party Rights. Nothing contained in this Agreement shall be construed to give any rights or benefits to anyone other than Owner and Operator.

16. Waiver. A waiver by either Owner or Operator of any breach of this Agreement shall be in writing. Such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

17. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement or the occurrence of any event rendering any portion or provision of this Agreement void shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement, and the balance of this agreement shall be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void. The parties further agree to amend this Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this Section shall not prevent this entire Agreement from being void should a provision, which is of the essence of this Agreement, be determined void.

18. Survival. Notwithstanding completion or termination of this Agreement for any reason, all rights, duties and obligations of the parties to this Agreement shall survive such completion or termination and remain in full force and effect until fulfilled.

19. Successors and Assigns. Owner and Operator each binds itself and its successors, assigns, and legal representatives to the other party to this Agreement and to the successors, assigns, and legal representatives of such other party in respect to all provisions of this Agreement.

20. Assignment. The Operator may assign any rights or duties under this Agreement to any successor in interest by providing written notice to Owner setting forth the name and contact

information for the assignee and the date that the assignment will become effective. Nothing contained in this Section shall prevent Operator from employing subcontractors to assist in the performance of Operator's duties and responsibilities under this Agreement.

21. Controlling Law. The laws of the State of California shall govern this Agreement.

22. Executed Counterparts/Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document. This Agreement may be executed by a Party's signature transmitted by facsimile or electronic transmission, and copies of this Agreement executed and delivered with facsimile signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. The Parties hereto may rely upon facsimile signatures as if such signatures were originals. The Parties hereto agree that a facsimile signature page may be introduced into evidence in any proceeding arising out of or related to this Agreement as if it were an original signature page.

23. Further Assurances. From time to time, each Party shall execute and deliver such further documents and shall take such other action as the other Party reasonably may request in order to discharge and perform their obligations and agreements hereunder.

24. Entire Agreement. This Agreement, and all attachments hereto, is the entire Agreement between Owner and Operator. It supersedes all prior communications, understandings and agreements, whether oral or written. The paragraph titles used in this Agreement are for general reference only and are not part of the Agreement. Amendments to this Agreement must be in writing and signed by both the Owner and the Operator.

25. Payments. It is further mutually agreed between the parties hereto, that no payment made under this Agreement shall be deemed as conclusive evidence of the performance of this Agreement, either in whole or in part, and that no payment shall be construed to be an acceptance of defective work or improper performance or materials.


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IN WITNESS WHEREOF, Owner and Operator have executed this Agreement, effective on the date first above written.

BIG BASIN WATER COMPANY, INC.

**CSWR-CALIFORNIA UTILITY
OPERATING COMPANY, LLC**

By _____

By  _____
Josiah Cox (Jul 19, 2023 17:05 EDT)

Title: _____

Title: President

EXHIBIT A
Schedule of Responsibilities

I. CSWR's Responsibilities

Sewer Facilities Operations

1. Perform daily or weekly operational checks and/or inspections, as are required by the wastewater treatment plant's permit, or as are permitted by the California State Water Resources Control Board ("WRCB"), to include the following:
 - A. measure and record flow, pH, residual chlorine, dissolved oxygen and settleability;
 - B. inspect and adjust facility components to maintain proper operation (i.e. – sludge wasting and skimming of clarifier surface);
 - C. clean treatment components (i.e. – clarifier walls and weirs);
 - D. provide coordination for repair or replacement of operational equipment;
 - E. inspect any floats/switches, controls, pumps and electrical components in the Facilities for correct operation and functionality;
 - F. cut grass and trim fence lines as needed.
2. Monthly activities are as follows:
 - A. run pumps and check amperage draw;
 - B. determine sludge volume in holding tanks and conduct sludge hauling as needed;
 - C. sample influent and effluent in accordance with the Effluent/Influent Limitations and Monitoring Requirements for the wastewater treatment plant's WRCB operating permit, and delivery of samples to an MDNR approved laboratory for analysis;
 - D. provide report to Big Basin on Facilities upkeep, time spent on providing services and summary of services provided.
3. Quarterly activities as follows:
 - A. sample influent and effluent in accordance with the Effluent/Influent Limitations and Monitoring Requirements for the wastewater treatment plant's WRCB operating permit, and delivery of samples to an WRCB approved laboratory for analysis;
 - B. file quarterly Discharge Monitoring Report with the WRCB as required by the wastewater treatment plant's WRCB operating permit.
4. On-going activities include monitoring the collection Facilities for potential inflow and infiltration when weather conditions are conducive to identifying such (i.e. – during/after significant rain events).

Water Facilities Operations

1. Perform daily or weekly operational checks and/or inspections, as are required by
 - A. Maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities;
 - B. Make weekly or more frequent visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto;
2. Monthly activities are as follows:
 - A. Perform monthly, duties of the Facilities' components as described or as needed to meet manufacturers' specifications and recommendations.
 - B. Maintain all facility records
 - A. Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner;
 - B. Obtain the sampling requirements for testing by the government regulators and/or the Owner;
 - C. Contact appropriate laboratories to provide adequate testing and reporting services for Owner;
 - D. Contact and direct appropriate contractors to make repairs to the Facilities as needed for operation;
 - E. Provide monthly water bac-T results;
 - F. Meter reading as needed
 - G. Monitor all of the Facilities' Facilities alarms and remote controls and contact Owner in the event of an alarm;
 - H. Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events; and
 - I. Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification; and
 - J. Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month.
3. Occasional Operation and Maintenance Tasks that may include but not be limited to:
 - A. Water main repair and maintenance.
 - B. Service and utility construction inspections.
 - C. Utility locates.
 - D. Water main flushing.
 - E. Booster station maintenance and repair.

- F. Mowing and trimming of plant and right of way areas.
- G. Fence repair & upkeep.
- H. Customer service issues requiring action on behalf of the utility.

Customer Service & Billing

1. CSWR will perform the monthly billing of Big Basin's customers, per a list of customers provided by Big Basin, and will also provide routine customer contact services regarding the billings. In that regard, CSWR will include a telephone number on the billing statements for the customers' use in contacting CSWR.
2. CSWR will maintain an on-going record of the status of customers' accounts, beginning with its first customer billing, and will apply late fees and issue late-payment notices consistent with Big Basin's current practice.






Temporary Ops Agreement - Big Basin

Final Audit Report

2023-07-19

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"Temporary Ops Agreement - Big Basin" History

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